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By: Chairman, Finance Committee (By Request - Departmental - Insurance

Administration, Maryland)

Introduced and read first time: February 13, 2003

Rules suspended Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 Life Insurance - Prohibited Use of Terrorism Exclusions

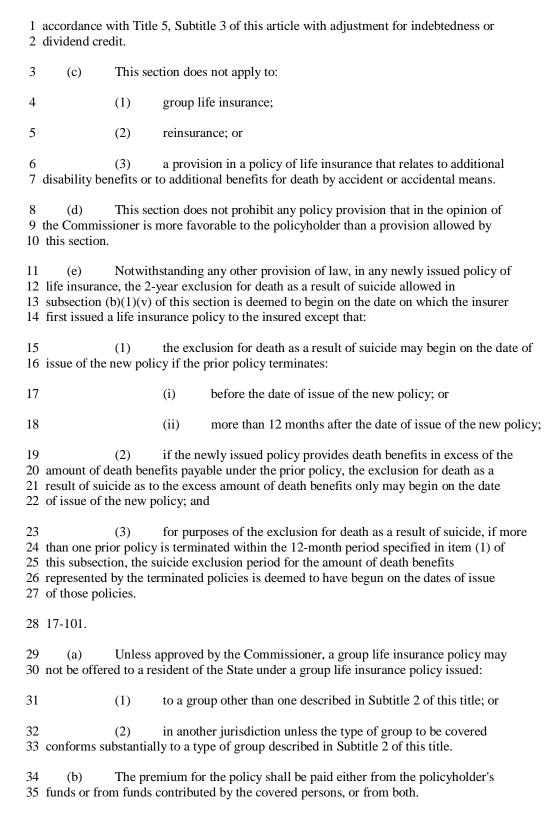
- 3 FOR the purpose of prohibiting the delivery or issuance for delivery in the State of a
- 4 group policy of life insurance if the policy, under certain circumstances, excludes
- 5 or restricts liability for death that is the result of terrorism; clarifying the
- 6 prohibition on the delivery or issuance for delivery in the State of a policy of life
- 7 insurance if the policy, under certain circumstances, excludes or restricts
- 8 liability for death that is the result of terrorism; requiring the Maryland
- 9 Insurance Commissioner to adopt certain regulations; and generally relating to
- the prohibited use of certain exclusions in policies of life insurance.
- 11 BY repealing and reenacting, with amendments,
- 12 Article Insurance
- 13 Section 16-215 and 17-101
- 14 Annotated Code of Maryland
- 15 (2002 Replacement Volume and 2002 Supplement)
- 16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 17 MARYLAND, That the Laws of Maryland read as follows:
- 18 Article Insurance

19 16-215.

- 20 (a) Except as otherwise provided in this section, a policy of life insurance may
- 21 not be delivered or issued for delivery in the State if the policy excludes or restricts
- 22 liability for death that is caused in a specified manner or occurs while the insured has
- 23 a specified status.
- 24 (b) (1) [A] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
- 25 A policy of life insurance may contain a provision that excludes or restricts coverage
- 26 for death under any of the following circumstances:

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1		(i)	death as	a direct or indirect result of:
2			1.	a declared or undeclared war;
3			2.	action by military forces;
4 5	action by military forc	es;	3.	an act or hazard of a declared or undeclared war or of an
6 7	to the military forces;	or	4.	service in the military forces or in civilian forces auxiliary
	forces of any country action by military for		5. eclared or	any cause while the insured is a member of the military undeclared, or of any country engaged in an
11		(ii)	death as	a result of aviation or air travel;
12 13	policy as a result of a	(iii) specified		at occurs within 2 years after the date of issue of the us occupation or avocation;
	policy while the insur	(iv) ed reside		at occurs within 2 years after the date of issue of the of the continental United States and Canada;
17 18	policy as a result of s	(v) uicide wh		at occurs within 2 years after the date of issue of the or insane.
21 22	(2) A POLICY OF LIFE INSURANCE MAY NOT BE DELIVERED OR ISSUED FOR DELIVERY IN THE STATE IF THE POLICY EXCLUDES OR RESTRICTS LIABILITY FOR DEATH THAT IS THE RESULT OF AN ACT OF TERRORISM THAT THE COVERED PERSON DID NOT COMMIT AND IN WHICH THE COVERED PERSON DID NOT SPARTICIPATE.			
26	[(2)] (3) If a policy contains an exclusion or restriction listed in this subsection, the policy also shall provide that, for death under the circumstances to which the exclusion or restriction applies, the insurer shall pay a determinable amount of at least:			
			ne basis o	ve calculated in accordance with the Commissioner's f the mortality table and interest rate on of nonforfeiture benefits; or
	calculated in accordar		a mortali	licy does not provide nonforfeiture benefits, the reserve ty table and interest rate determined by the
34 35	[(3)] this subsection must be	(4) be accept		e and interest rate used under paragraph [(2)] (3) of standard for the valuation of the policy in



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- 1 (c) An insurer may exclude or limit the coverage on any person as to whom 2 evidence of individual insurability is not satisfactory to the insurer.
- 3 (D) A POLICY OF GROUP LIFE INSURANCE MAY NOT BE DELIVERED OR ISSUED
- 4 FOR DELIVERY IN THE STATE IF THE POLICY EXCLUDES OR RESTRICTS LIABILITY
- 5 FOR DEATH THAT IS THE RESULT OF AN ACT OF TERRORISM THAT THE COVERED
- 6 PERSON DID NOT COMMIT AND IN WHICH THE COVERED PERSON DID NOT
- 7 PARTICIPATE.
- 8 [(d)] (E) An insurer who seeks to solicit coverage for Maryland residents
- 9 under a group life insurance policy issued in another jurisdiction shall include in the
- 10 certificate form used in connection with the coverage a notice on the first page in
- 11 12-point bold type that states:
- 12 "The group insurance policy providing coverage under this certificate was issued
- 13 in a jurisdiction other than Maryland and may not provide all of the benefits required
- 14 by Maryland law."
- 15 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance
- 16 Commissioner shall adopt regulations that define terrorism in a manner that is
- 17 consistent with the definition used or recommended by the National Association of
- 18 Insurance Commissioners.
- 19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
- 20 effect July 1, 2003.